

## Message Text

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PAGE 01 LUSAKA 01933 061251Z

44

ACTION AF-06

INFO OCT-01 ARA-06 EUR-12 ISO-00 GSA-01 INT-05 SP-02

AID-05 EB-07 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04

OMB-01 CEA-01 CIAE-00 COME-00 FRB-03 INR-07 NSAE-00

USIA-06 XMB-02 OPIC-03 LAB-04 SIL-01 L-03 H-02

DODE-00 PA-01 PRS-01 /105 W  
----- 005102

R 040952Z OCT 75

FM AMEMBASSY LUSAKA  
TO SECSTATE WASHDC 2232  
INFO AMEMBASSY LONDON  
AMEMBASSY KINSHASA  
AMEMBASSY LIMA  
AMEMBASSY SANTIAGO  
AMEMBASSY PRETORIA  
AMEMBASSY PARIS

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EO 11652: EGEN, EINV, EMIN, ZA

TAGS: ECON ZA

SUBJECT: FORCE MAJEURE ON COPPER SHIPMENTS INCREASED

REF: LUSAKA 1679

1. GOVERNMENT OWNED ZAMBIA METAL MARKETING CORPORATION (MEMACO) HAS ANNOUNCED FORCE MAJEURE ON COPPER SHIPMENTS INCREASED FROM 20 TO 40 PERCENT FOR NCHANGA CONSOLIDATED COPPER MINES (NCCM) AND FROM 20 TO 30 PERCENT FOR ROAN CONSOLIDATED MINES (RCM) WITH EFFECT FROM MONTH OF OCTOBER. AS RESULT, SHIPMENTS WHICH AVERAGED 59,000 TONS MONTHLY IN YEAR ENDING MARCH 31, 1975, WILL NOW BE DOWN TO UNDER 44,000. SOME INDUSTRY SPOKEMEN DOUBT THAT EVEN THIS FIGURE IS REALISTIC GIVEN TRANSPORT BOTTLENECKS.

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PAGE 02 LUSAKA 01933 061251Z

2. FOREIGN EXCHANGE RECEIPTS LOSS FROM COMBINED CIPEC/FORCE MAJEURE REDUCTIONS NOW EXCEEDS \$20 MILLION MONTHLY AT CURRENT PRICES. OF MORE CONCERN TO INDUSTRY IS THAT REDUCTIONS IN SHIPMENTS WITHOUT PRODUCTION CUTBACK WILL CAUSE EVEN LARGER BUT YET UNCALCULATED NET FOREIGN EXCHANGE DRAIN FROM COPPER INDUSTRY OVER SHORT RUN. WHILE HARD DATA ON FOREIGN EXCHANGE COSTS OF PRODUCTION (E.G. MACHINERY IMPORTS, REMITTANCES OF EXPATRIATE INCOME AND FUEL) ARE NOT AVAILABLE, COMPANIES FEAR THAT AT PRESENT PRICES, FOREIGN EXCHANGE COSTS OF COPPER PRODUCED FOR STOCKPILE MAY EXCEED NET FOREIGN EXCHANGE EARNINGS OF COPPER SALES. GIVEN PRECARIOUS ZAMBIAN FOREIGN EXCHANGE POSITION (\$62 MILLION AT END OF AUGUST), PRODUCTION CUTBACK PROBABLY UNAVOIDABLE AT SOME POINT IN NEAR FUTURE, DESPITE GRZ INSISTANCE NO MINE CLOSURES ARE PLANNED.

3. REASONS FOR 40 PERCENT FORCE MAJEURE FOR NCCM COMPARED TO 30 PERCENT FOR RCM TWOFOLD: NCCM RUNNING BEHIND ON DELIVERIES FOR PREVIOUS MONTHS WHILE RCM ON SCHEDULE. SECONDLY, RCM AND NCCM EARLIER AGREED TO TAKE SEPARATE "PIONEER" TRANSPORT ROUTES. NCCM ENCOUNTERING MORE DIFFICULTIES IN SHIPPING VIA ROAD TO NACALA AND BEIRA THAN RCM IS HAVING IN SHIPPING TO DAR ES SALAAM VIA TANZAM RAILWAY.  
WILKOWSKI

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COPPER, PORT CONGESTION, ACCESS TO PORTS, MINING INDUSTRY, PRICE CONTROLS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 04 OCT 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Unique ID:** 00  
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**Film Number:** D750346-0264  
**From:** LUSAKA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19751082/aaaacvci.tel  
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**Office:** ACTION AF  
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